

State Attorneys General Mortgage Servicing Settlement Supplemental FAQ for Housing Counselors

What relief is available for consumers under the Attorney General settlement?

There are three basic types of relief:

- Approximately **\$24 million** in payments to Maryland borrowers who lost their homes in connection with mortgage servicing abuse.
- Approximately **\$808 million** in benefits to Maryland borrowers through a series of national homeowner relief effort options, including principal reductions through loan modifications.
- Approximately **\$64 million** in a mortgage refinancing program for Maryland borrowers who are current, but owe more than their home is currently worth.

What are the criteria for determining whether a borrower is entitled to relief under the Attorney General settlement?

The settlement requires that the servicers provide a certain dollar amount of benefit for borrowers. The Consent Order sets out basic parameters for the relief programs that the servicers implement, but the servicers will create their own programs within those parameters to provide the amount of relief required under the settlement.

What types of relief can the servicers provide to meet their obligations under the settlement?

There are two different programs that the banks will implement to help consumers whose mortgages are serviced by these banks:

- Refinance program for underwater borrowers whose loans are owned by the banks.
- Principal reduction and other potential relief for loans serviced by the banks that are not owned by the GSEs.

What are the criteria for determining who is eligible for the refinance program for underwater borrowers?

The specific criteria will be developed by the individual servicers. However, the Consent Order requires that refinance program be offered to homeowners whose mortgages meet the following:

- Servicer owned first mortgage loans
- Loan must be current with no delinquencies in the past 12 months
- Fixed rate loans, adjustable rate mortgages, or interest only mortgages that have an initial period of 5 years or more
- Current LTV must be greater than 100%
- Loans must have been originated prior to January 1, 2009
- Loan must not have been modified in the past 24 months
- Loan must have a current interest rate of at least 5.25% or 100 basis points above the Primary Mortgage Market Survey rate, whichever is greater
- The unpaid principal balance must be at or below the highest GSE conforming loan limit cap as of January 1, 2010
- The loan is not
 - FHA/VA
 - For manufactured housing
 - For a borrower who has been in bankruptcy within the last 24 months
 - For a borrower who has been in foreclosure within the last 24 months

The servicers may make the program available to additional borrowers.

What other relief is available for homeowners?

The servicers will develop programs for which homeowners receive credit under the settlement.

- These programs will include first and second lien mortgage modifications that provide principal reduction for borrowers who are at least 30 days delinquent or at imminent risk of default due to financial hardship.
- The programs may also include the following types of relief:
 - borrower transitional funds;
 - short sale incentives, including payments to borrowers and extinguishment of second liens;
 - deficiency waivers; and
 - forbearance for unemployed borrowers.
- These programs will not cover loans owned by the GSEs. However, we anticipate that the GSEs will develop programs of their own.